
Vacant Lot and Adaptive Reuse Incentive Program – 604/610 Broadway Avenue

Recommendation

That the Standing Policy Committee on Planning, Development and Community Services recommend to City Council:

1. That a five-year tax abatement, equivalent to 100% of the incremental property taxes for the development of 604/610 Broadway Avenue, be approved.
2. That, if necessary, the Neighbourhood Planning Section be requested to submit an application under the Province's Education Property Tax Exemption/Abatement program seeking approval of a five-year tax abatement, equivalent to 100% of the incremental education taxes, for the development of 604/610 Broadway Avenue.
3. That the five-year tax abatement on the incremental taxes be applied to the subject properties, commencing the next taxation year following the completion of the project.
4. That the City Solicitor be requested to prepare the appropriate agreement, and that His Worship the Mayor and the City Clerk be authorized to execute the agreement under the Corporate Seal.

Topic and Purpose

The purpose of this report is to request approval for a five-year tax abatement of the incremental property tax for the development of the properties located at 604/610 Broadway Avenue, under the Vacant Lot and Adaptive Reuse Incentive Program.

Report Highlights

1. The estimated incremental property tax abatement for 604/610 Broadway Avenue, based on the 2018 tax rates, is \$473,070 annually or \$2,365,350 over five years for the City, Library, and Education portion of taxes. This development qualifies for 100% of this amount based on the Vacant Lot and Adaptive Reuse evaluation system.
2. Approval from the Province is required to exempt or abate education property tax revenue that is \$25,000 or more for a single property or parcel of land in the tax year.
3. The Administration recommends approval of a five-year tax abatement of the incremental property taxes for the development of a 17-storey mixed-use project including 112 residential units, three and a half levels of underground parking, main floor retail, and second level office/commercial located at 604/610 Broadway Avenue.

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Strategic Goal

This report supports the City of Saskatoon's (City) Strategic Goal of Sustainable Growth by increasing and encouraging infill development.

Background

During its March 7, 2011 meeting, City Council approved the Vacant Lot and Adaptive Reuse Incentive Program (Incentive Program). The Incentive Program is designed to encourage infill development on chronically vacant sites and adaptive reuse of vacant buildings within Saskatoon's established neighbourhoods.

Applicants have the choice of a five-year tax abatement or a grant with the maximum incentive amount calculated based on the increment between the existing municipal taxes and the taxes owing upon completion, multiplied by five years. Applications are scored against an evaluation system where points are awarded for features included in a project that meets a defined set of policy objectives. The total points scored for a project determines what proportion of the incentive amount it will receive, up to a maximum of 100% of the incentive amount. For projects that score 100 points or more, the incentive amount awarded is 100%. Any residual portion of the maximum incentive amount on projects that earn less than 100% will be redirected into the Vacant Lot and Adaptive Reuse Reserve (Reserve) during the abatement period.

Report

Estimated Incremental Property Tax Abatement

On February 12, 2019, the Neighbourhood Planning Section, received an application under the Incentive Program from Urban Capital (Broadway) Inc. for the development of a 17-storey mixed-use development located at 604/610 Broadway Avenue in the Nutana neighbourhood (see Attachment 1). The development includes 112 residential units, three and a half levels of underground parking, main floor retail, and second floor office/commercial uses. A re-zoning by agreement was approved by City Council on February 25, 2019, to rezone both sites to B5B – Broadway Commercial District. The property at 604 Broadway Avenue has been vacant since 2003 and 610 Broadway Avenue has been vacant since July 2012. The estimated total project cost of the development is approximately \$50,000,000. See Attachment 2 for a rendering of the project.

The application was reviewed using the program's evaluation system. The project received a total of 115 points, resulting in an earned incentive amount equaling 100% of the maximum incentive amount. See Attachment 3 for the project evaluation.

The applicant is applying for a five-year tax abatement of the incremental property taxes for the entire development of 604/610 Broadway Avenue. According to the Corporate Financial Services Department, the incremental increase in annual property taxes for the project is estimated to be \$473,070, based on the 2018 tax year. Therefore, the estimated maximum incentive amount over five years would total \$2,365,350, which includes \$1,440,940 in municipal property taxes and \$924,410 in education property taxes. The calculations are based on 2018 tax rates and will change with any alterations to the design plans, the 2021 reassessment, and annual mill rate

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adjustments. An actual assessment value will be determined upon final inspection of the completed project. For the residential component of the development, the intent is to provide the incremental tax abatement to future condominium purchasers.

Education Property Tax Exemption/Abatement

As of January 1, 2018, approval from the Province is required to exempt or abate education property tax revenue that is \$25,000 or more for a single property or parcel of land in the tax year. Applications are submitted by the municipality and are considered under three main categories: Economic Development, Housing and Non-Profit/Community-based Organizations. According to the application, the goal is to inform the municipality of the decision to approve/deny within 15 business days.

The incremental increase in annual education property taxes for the project is estimated to be \$184,882, based on the 2018 tax year. It is anticipated that the incremental annual education property tax abatement for both 604/610 Broadway Avenue will exceed \$25,000 and require approval from the Province.

Administration Recommendation

After a review of this application, the Administration has concluded that this project is consistent with the intent of Policy No. C09-035, Vacant Lot and Adaptive Reuse Incentive Program. The Administration is recommending that City Council approve the five-year municipal property tax abatement and request that the Neighbourhood Planning Section apply to the Province for the five-year education tax abatement, commencing in the next taxation year after completion of the project.

Options to the Recommendation

City Council could decline support of this project. Choosing this option would represent a departure from Policy No. C09-035, Vacant Lot and Adaptive Reuse Incentive Program.

Public and/or Stakeholder Involvement

The need for public/stakeholder involvement is not deemed necessary at this time.

Financial Implications

The incremental property tax abatement for the project at 604/610 Broadway Avenue is forgone revenue and will not require funding from the Reserve. The City will forgo an estimated total of \$1,440,940 and the Province will forgo an estimated total of \$924,410 of tax revenue over five years, which will be abated to the owner.

Other Considerations/Implications

There are no policy, environmental, privacy, or Crime Prevention Through Environmental Design (CPTED) implications or considerations; a communication plan is not required at this time.

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Due Date for Follow-up and/or Project Completion

The development of the property located at 604/610 Broadway Avenue is expected to be completed in 2023. The property tax abatement, if approved, will begin the year following project completion and continue for five years.

Public Notice

Public notice, pursuant to Section 3 of Policy No. C01-021, Public Notice Policy, is not required.

Attachment(s)

1. Location Map – 604/610 Broadway Avenue
2. Project Rendering – 604/610 Broadway Avenue
3. VLAR Project Evaluation – 604/610 Broadway Avenue

Report Approval

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Lesley Anderson, Director of Planning and Development
Approved by: Lynne Lacroix, General Manager, Community Services Department

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